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Press Release

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WEST VIRGINIA AND 47 OTHER STATES ANNOUNCE SETTLEMENT WITH BLOCKBUSTER OVER ITS MISLEADING ADVERTISING ABOUT ITS "NO LATE FEE" PROGRAM

Attorney General Darrell McGraw announced today that he and the Attorneys General of 47 other states plus the District of Columbia have reached an agreement with Blockbuster Inc., to settle allegations that it misled consumers in the advertising of its "No Late Fee" program.

Blockbuster began advertising its "The End of Late Fees" and "No Late Fees" program on December 15, 2004. The program, which started on January 1, 2005, is available at all corporate stores and those franchise stores that choose to participate. In West Virginia there are 12 corporate stores and 7 franchise stores, all of which choose to participate in the program.

The Attorneys General alleged that the advertising campaign was misleading because it failed to clearly and conspicuously disclose that a consumer would be charged if he/she rented a video or game from Blockbuster and kept the item out more than 7 days after its return due date. Under the policy, the consumer was charged for the selling price of the video if it was retained more than 7 days after its return date. If the consumer then returned the video, the selling price would be refunded but he/she would be charged a "restocking" fee of \$1.25, or higher at some franchise stores.

The Attorneys General also alleged there was insufficient disclosure that the program was offered only at participating stores. This failure to disclose misled some customers of nonparticipating franchise stores into believing they would not have to pay the standard late fees. This problem, however, was inapplicable to West Virginia stores because all of the franchise stores in West Virginia participated in the program.

The settlement essentially involves four components: consumer refund policy, future advertising guidelines, corrective action, and payment to the states.

Blockbuster agreed to provide a full refund or credit to any customer of a corporate store or a franchise store that participated in the "No Late Fee" program equal to the selling price of any rental items converted to a sale under the "No Late Fee" program. If the customer already returned the item but paid a "restocking" fee, the customer can obtain a refund of the "restocking" fee. A request for restitution must have been or be made in writing and allege a failure to understand the "No Late Fee" program.

Blockbuster customers who believe they are entitled to a refund because they did not understand the program may get a refund form at a corporate owned or participating franchise store. (Download Form at <http://www.wvs.state.wv.us/wvag/press/2005/march/BlockbusterStoreForm.pdf>) Blockbuster has directed its personnel and recommended to franchise stores that they resolve requests on the spot if possible. Customers may also send their refund requests to Blockbuster, 1201 Elm Street, Suite 2100, Dallas, TX 75270, Attention: Mr. Steve Krumholz, Sr. Vice President. Consumers may also contact the Consumer Protection Division of the West Virginia Attorney General's Office. A written refund request must be made by April 28, 2005. If the fee is discovered between April 28, 2005 and September 29, 2005, then the consumer has 7 days after first discovering the charge in which to make the refund request. On September 29, 2005, the

restitution period ends.

West Virginia consumers who were charged a late fee by an out-of-state, non-participating Blockbuster franchise store between January 1, 2005 and March 28, 2005, may also be eligible for restitution and should contact the store or the Attorney General's Office for details.

Under the terms of the settlement, Blockbuster has also agreed that in future advertising for the "No Late Fee" program it will:

Not represent directly or by implication in any of its advertising that there are no late fees or only limited late fees unless such representation is accompanied by and appears near a clear and conspicuous disclosure of the existence of any charge (including, without limitation, any rental fee, restocking fee, or charge associated with a rental transaction that has been converted to a sale).

Advise of any limitation on the stores participating in the offer.

For the next six months, Blockbuster will also take corrective action to notify consumers of the true terms of its policy via signs, brochures, and policy statements at its store locations. Blockbuster's website and their written notices sent to consumers must also disclose all the terms and conditions of the program. Finally, Blockbuster corporate stores must remove "No Late Fee" signs, and nonparticipating franchise stores must cease all "No Late Fee" advertising.

As part of the settlement, Blockbuster will also pay the states a total of \$630,000.

If you have any questions about this matter or want to report a problem with obtaining a refund from Blockbuster, please call Attorney General McGraw's Consumer Hotline at 1-800-368-8808 or 304-558-8986.

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